

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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R 051830Z JUN 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 3300

INFO AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 1 OF 2 GUATEMALA 3060

E.O. 11652: GDS

TAGS: PINT, GT

SUBJECT: POLITICAL ASSESSMENT

SUMMARY: THE POLITICAL SITUATION HAS CALMED CONSIDERABLY OVER THE LAST SEVERAL WEEKS AND THE GOVERNMENT NOW APPEARS CONFIDENT (WITH REASON, WE BELIEVE) THAT PRESIDENT-ELECT LAUGERUD WILL TAKE OFFICE ON JULY 1. THE IMPORTANT POLITICAL ACTION IS NOW TAKING PLACE WITHIN GOVERNMENT COALITION CIRCLES, WHERE LAUGERUD IS ENGAGED IN NEGOTIATIONS WITH HIS VICE-PRESIDENT-ELECT OVER THE ALLOCATION OF JOBS AND CONTROL OF CONGRESS. INDICATIONS ARE THAT HE IS SUCCESSFULLY RESISTING PRESSURES TO APPOINT PARTY HACKS TO THE TOP JOBS AND THAT THE MAJORITY OF HIS CABINET OFFICERS WILL BE TECHNICALLY COMPETENT AND READY TO CARRY OUT MODERATE SOCIAL AND ECONOMIC REFORMS. LAUGERUD, HAMPERED BY SMOULDERING DISCONTENT OVER ELECTORAL FRAUD AND FACING SERIOUS ECONOMIC AND SOCIAL PROBLEMS, WILL START FROM A WEAK POSITION; BUT WITH THE SUPPORT OF THE ARMY, WHICH HE HAS, MAY BE ABLE TO CONSOLIDATE HIS POSITION CONSIDERABLY DURING HIS FIRST YEAR IN OFFICE.

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UNITED STATES' INTERESTS WILL BEST BE SERVED IF LAUGERUD

SUCCESSFULLY PURSUES THE MODEST ECONOMIC AND SOCIAL REFORMS HE HAS ESPOUSED, AND WE WILL DO WHAT WE CAN TO ENCOURAGE AND HELP HIM. END SUMMARY.

1. THE POLITICAL SITUATION HAS CALMED CONSIDERABLY OVER THE PAST SEVERAL WEEKS. THE GOVERNMENT, WHICH HAD BEEN VIEWING OPPOSITION ACTIVITY AS BOTH SUBVERSIVE AND DANGEROUS, NOW SEEMS APPRECIABLY LESS CONCERNED THAT ITS OPPONENTS WILL BE ABLE TO PREVENT OR PUT SERIOUS OBSTACLES IN THE WAY OF PRESIDENT-ELECT LAUGERUD'S TAKE-OVER ON JULY 1. THE OPPOSITION ITSELF, WHILE STILL DEEPLY DISILLUSIONED AT HAVING BEEN ROBBED OF ITS VICTORY IN THE MARCH 3 ELECTIONS, NEVERTHELESS SEEMS RESIGNED TO A LAUGERUD TAKE-OVER. FURD LEADER COLOM ARGUETA IS PLANNING AN EXTENDED STAY IN ITALY AFTER HE LEAVES CITY HALL ON JUNE 15; FORMER CHIEF OF GOVERNMENT COL. ENRIQUE PERALTA HAS DEPARTED FOR MIAMI; AND ALTHOUGH THE CHRISTIAN DEMOCRATS ARE STILL HOPING FORLORNLY THAT "SOMETHING WILL HAPPEN" TO FRUSTRATE LAUGERUD'S ASSUMPTION OF POWER, THEY ARE PLANNING TO PARTICIPATE IN THE NEW CONGRESS.

2. DISSATISFACTION WITHIN THE ARMY OVER ELECTORAL FRAUD HAS SUBSIDED AND THE MILITARY NOW APPEARS FULLY UNITED BEHIND LAUGERUD. IN THIS CONNECTION, WE NOTE THAT RICARDO PERALTA MENDEZ, THE ONLY GENERAL TO OPPOSE THE ELECTORAL RIP-OFF, AND A NUMBER OF HIS PROTEGES ARE NOW VOICING SUPPORT FOR THE PRESIDENT-ELECT.

3. GOVERNMENT HARASSING ACTION AGAINST THE TOP OPPOSITION LEADERS HAS SLACKENED, ALTHOUGH POLITICAL ASSASSINATIONS CONTINUE IN THE INTERIOR. ACTIONS SUCH AS THE RECENT MURDER OF A DEPARTMENTAL CHRISTIAN DEMOCRATIC LEADER APPEAR TO BE A HEAVY-HANDED ATTEMPT TO CHOKE OFF DISSENT AGAINST THE INSTALLATION OF A NUMBER OF FRAUDULENTLY ELECTED COALITION MAYORS WHO ARE SCHEDULED TO TAKE OVER ON JUNE 15. THERE ARE LIKELY TO BE SOME INCIDENTS ON JUNE 15 BUT WE DO NOT EXPECT ANY SERIOUS CHALLENGE TO THE GOVERNMENT. CONFIDENTIAL

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4. THE MOST IMPORTANT POLITICAL ACTION IS NOW TAKING PLACE WITHIN GOVERNMENT COALITION CIRCLES WHERE LAUGERUD IS ENGAGED IN STRENUOUS BEHIND-THE-SCENES NEGOTIATIONS WITH HIS VICE-PRESIDENTIAL RUNNING MATE, HARD-LINE, RIGHT-WING PRESIDENT OF CONGRESS MARIO SANDOVAL, OVER A DIVISION OF GOVERNMENT POSITIONS. LAUGERUD HAS KEPT A VERY CLOSED MOUTH CONCERNING HIS NEW CABINET, BUT

INDICATIONS ARE THAT HE HAS SUCCESSFULLY RESISTED STRONG PRESSURES TO APPOINT PARTY STALWARTS, AND THAT A MAJORITY OF HIS CABINET OFFICERS WILL BE TECHNICALLY COMPETENT AND READY TO IMPLEMENT MODERATE SOCIAL AND ECONOMIC REFORMS. WHETHER LAUGERUD WILL BE ABLE TO AVOID APPOINTING A GOOD NUMBER OF PARTY HACKS TO LESSER POSITIONS IS MORE QUESTIONABLE.

5. LAUGERUD IS ALSO SPARRING WITH SANDOVAL OVER THE LEADERSHIP OF THE NEW CONGRESS, BUT WE SUSPECT THAT WHILE HE WOULD LIKE TO MINIMIZE HIS VICE-PRESIDENT'S INFLUENCE IN THE LEGISLATURE, HE WILL FIGHT HARDEST OVER THE EXECUTIVE POSITIONS. THE CONGRESSIONAL LEADERSHIP COMES UP FOR RE-ELECTION ANNUALLY, AND LAUGERUD WILL HAVE SEVERAL MORE OPPORTUNITIES TO MAKE HIS INFLUENCE FELT IN CHOOSING THE LEGISLATIVE LEADERSHIP.

6. IN HIS DEALINGS WITH SANDOVAL, THE PRESIDENT-ELECT IS NO DOUBT SOMEWHAT HAMPERED BY THE KNOWLEDGE THAT IT WAS SANDOVAL WHO ENGINEERED THE FRAUD WHICH ACHIEVED VICTORY, BUT WE BELIEVE LAUGERUD HAS LARGELY RATIONALIZED HIS TAKE-OVER AS BEING A SERVICE TO BOTH THE COUNTRY AND THE POLITICIANS WHO SOUGHT UNSUCCESSFULLY TO GET HIM ELECTED. LAUGERUD'S MAIN STRENGTH IN THE NEGOTIATIONS LIES IN THE FACT THAT HE HAS THE SUPPORT OF THE ARMY, WHICH IS PRACTICALLY SOLID IN WANTING TO MINIMIZE SANDOVAL'S INFLUENCE.

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C O N F I D E N T I A L SECTION 2 OF 2 GUATEMALA 3060

7. LAUGERUD'S FUTURE RELATIONSHIP WITH PRESIDENT ARANA, WHO PERSONALLY PICKED HIM TO RUN FOR THE PRESIDENCY, IS STILL FAR FROM CLEAR. IT IS BEGINNING TO APPEAR, HOWEVER, THAT WHILE ARANA WILL EXPECT TO BE CONSULTED ON MAJOR POLICY DECISIONS, HE DOES NOT INTEND TO TRY TO CONTROL THE PRESIDENCY FROM BEHIND THE SCENES ONCE HE LEAVES OFFICE. WE UNDERSTAND, FOR EXAMPLE, THAT ARANA IS PLANNING TO SPEND SEVERAL MONTHS ABROAD SHORTLY AFTER LAUGERUD TAKES OVER, AND THAT HE HAS SOUGHT TO AVOID BECOMING DEEPLY INVOLVED IN THE SELECTION OF THE NEW CABINET. SOME BELIEVE THAT ARANA WILL ATTEMPT TO MAINTAIN A POSITION OF POWER BY KEEPING THE ULTIMATE LOYALTY OF THE SENIOR ARMY COMMANDERS. WE TEND TO DOUBT THAT HE WOULD BE ABLE TO DO THIS EVEN IF HE WERE TO TRY. OUR PRESENT PROGNOSTICATION IS THAT LAUGERUD WILL BECOME THE COMMANDER-IN-CHIEF OF THE ARMED FORCES IN FACT AS WELL AS IN NAME WHEN HE TAKES OFFICE.

8. THE UNDERLYING FACTORS FOR INSTABILITY WHICH WE HAVE REPORTED PREVIOUSLY, MAINLY SMOULDERING DISCONTENT
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OVERELECTORAL FRAUD, THE SERIOUS ECONOMIC PROBLEMS GREATLY EXACERBATED BY INFLATION, REMAIN, AND THE OUTLOOK IS STILL QUITE MURKY. WE ARE, HOWEVER, SLIGHTLY MORE OPTIMISTIC THAT LAUGERUD MAY BE ABLE TO CONFRONT THESE PROBLEMS WITH SOME SUCCESS, ALTHOUGH AN APPARENT GOG BACKDOWN ON PROPOSALS TO SIGNIFICANTLY INCREASE EXPORT TAXES (SEPTTEL FOLLOWS) WILL NOT MAKE HIS JOB ANY EASIER. THERE IS NO DOUBT THAT THE PRESIDENT-ELECT WILL BEGIN FROM A WEAK POSITION. BUT WITH THE SUPPORT OF THE ARMY WHICH WE BELIEVE HE HAS, HE MAY BE ABLE TO CONSOLIDATE HIS POSITION CONSIDERABLY DURING HIS FIRST YEAR IN OFFICE. MUCH WILL DEPEND ON THE EVENTUAL OUTCOME OF HIS JOCKEYING WITH MARIO SANDOVAL.

9. UNITED STATES' INTERESTS WILL BEST BE SERVED IF LAUGERUD SUCCESSFULLY PURSUES THE MODEST SOCIAL AND ECONOMIC REFORMS HE HAS ESPOUSED. WE HAVE NO DOUBT THAT HE INTENDS TO TRY. OUR ABILITY TO INFLUENCE IN THE CURRENT SITUATION IS MINIMAL. WE WILL, HOWEVER, MAKE USE OF ANY APPROPRIATE OPPORTUNITIES TO ENCOURAGE LAUGERUD'S WILL AND ABILITY TO MOVE IN THE DIRECTION

OF ECONOMIC AND SOCIAL REFORMS.

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